

Message Text

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ACTION EB-08

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R 271634Z JUN 78

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CORRECTED COPY (SECTIONAL INFO)

USEEC USOECD

E.O. 11652: N/A

TAGS: UNCTAD, ETRD

SUBJECT: UNCTAD WORKING GROUP ON COPPER, JUNE 19-23, 1978

1. SUMMARY: UNCTAD WORKING GROUP ON COPPER, WHICH WAS TASKED TO PUT TOGETHER A CHARTER FOR A STANDING INTERGOVERNMENTAL COPPER BODY, WOUND UP ITS WORK WITH A VIRTUALLY COMPLETE BUT HEAVILY BRACKETED TEXT WHICH WILL BE CONSIDERED BY THE FOURTH PREPARATORY MEETING ON COPPER SCHEDULED FOR MID-JULY. THE LIBERAL BRACKETING REFLECTS PRIMARILY A LIST-DITCH ATTEMPT BY PERU TO POISON THE WELL FOR THE MAJOR COPPER-PRODUCING AND CONSUMING COUNTRIES BY INSERTING PROVISIONS DESIGNED TO UNDERMINE THE INTEGRITY OF THE BODY OR PREJUDICE ITS WORK. THIS PRECLUDED ANY EFFORTS IN SMALL CONTACT GROUP TO NEGOTIATE REMOVAL OF BRACKETS IN OPERATIVE ARTICLES OF DRAFT CHARTER. ALTHOUGH RELATIVELY QUIESCENT AT FIRST TWO MEETINGS OF WORKING GROUP, PERU CONCENTRATED AT FINAL MEETING ON SETTING UP A SHOWDOWN AT THE FOURTH PREPARATORY MEETING ON ISSUE OF CONTINUING INTERNATIONAL COPPER DIALOGUE OUTSIDE UNCTAD IN AN INDEPENDENT COPPER BODY. IRONICALLY, WHILE PERU CONTINUES TO BE LARGELY ISOLATED AMONG OTHER PRODUCERS, IT WAS ABETTED IN ITS SPOILING MANEUVER LIMITED OFFICIAL USE

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VERS BY A GREEK CHORUS OF LATINS BOUND BY NOTHING BUT SOLIDARITY (BRAZIL, ARGENTINA, VENEZUELA, MEXICO AND EVEN BOLIVIA) AND BY FRINGE OF CONSUMING DEVELOPED COUNTRIES (NORWAY, FRANCE, NETHERLANDS, BELGIUM). A SOMEWHAT DISORIENTED PERFORMANCE BY THE JAPANESE DELEGATION AND AN INEFFECTUAL PERFORMANCE BY THE EC ADDED TO USDEL DIFFICULTIES. END SUMMARY.

MAJOR ISSUES:

2. THE MEETING BEGAN INAUSPICIOUSLY WITH THE DISCOVERY THAT THE CHAIRMAN (CUTTAH, SWITZERLAND) HAD IGNORED HIS INSTRUCTIONS, I.E. SIMPLY TO PRODUCE A FRESH VERSION OF THE US TEXT OF THE CHARTER, SHOWING ALL BRACKETED PROVISIONS SUGGESTED AT THE GROUP'S PREVIOUS MEETING. INSTEAD, THE CHAIRMAN PRODUCED A COMPLETELY REVISED TEXT CONTAINING ONLY A FEW BRACKETS AND HENCE BASED ON HIS OWN PERCEPTION OF COMPROMISE LANGUAGE POTENTIALLY ACCEPTABLE TO EVERYONE. SWALLOWING ITS DISPLEASURE AT THE TENDENCY FOR THE CHAIRMAN'S RESOLUTION OF ISSUES TO HAVE MISSED THE MARK FROM THE US POINT OF VIEW, THE USDEL (AND INDEED THE PRODUCER SPOKESMAN (GLENN, AUSTRALIA) BEGAN TO WORK TOWARD GETTING AGREEMENT ON NECESSARY

CHANGES WITHOUT RESORTING TO RE-INSERTING BRACKETS. HOWEVER, OUR FEARS THAT MOST BRACKETS WOULD WIND UP BEING REINSERTED BEFORE COUNTRIES COULD AGREE ON AN OVERALL COMPROMISE WERE MORE THAN FULLY REALIZED. IN EFFECT, CHAIRMAN'S WELL INTENDED BUT MIS-DIRECTED TACTIC DEPRIVED GROUP OF OPPORTUNITY TO DEVOTE WEEK TO BRACKET DELETION RATHER THAN IDENTIFYING WHERE THE PROBLEMS AND DEFICIENCIES WERE IN THE NEW DRAFT. THIS PUT EFFORT TO PRODUCE CLEAN TEXT OFF TO THE PREPARATORY MEETING.

3. THE PRINCIPAL ISSUE REVOLVES AROUND THE LINKAGE OF THE BODY TO UNCTAD BUT IN MORE SUBTLE WAYS THAN PREVIOUSLY. THE ACTUAL EFFECTIVE AUTONOMY OF THE BODY HAS NOT AS YET BEEN PLACED DIRECTLY UNDER ATTACK. HOWEVER, PERU (NOW BEING LIMITED OFFICIAL USE

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REPRESENTED BY A VERY SKILLED AND POLISHED LAWYER WHO AVOIDS

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C O R R E C T E D C O P Y (SECTIONAL INFO)

USEEC USOECD

THE EMOTIONAL OUTBURSTS OF ARIAS-SCHREIBER) IS NOW CONCEN-
TRATING ON A FOUL-THE-WELL TACK. IT IS ATTEMPTING TO PLACE
"INTERIM" IN THE TITLE AND AT STRATEGIC PLACES IN VARIOUS
ARTICLES. IT IS TRYING TO INSTITUTIONALIZE UNCTAD-TYPE
CONFRONTATION BY PROVIDING THAT THE BODY PERIODICALLY REVIEW
ITS PROGRESS ON THE TASK OF STUDYING AND ELABORATING POSSI-
BLE STABILIZATION SCHEMES. NORWAY STILL IS TRYING TO PLACE
THE QUESTION OF DURATION OF THE BODY IN THE ARTICLE ON ITS
NATURE AND PERU WANTS TO SUGGEST A PROVISION IN FINAL PROVIS-
IONS CALLING FOR UNCTAD SECRETARIAT CONTROL WHILE BODY HAS
"PROVISIONAL" STATUS. SO RECKLESS DID THE SPOILING EFFORT
BECOME THAT THE LAST MOMENTS OF THE MEETING WERE DEVOTED TO
A LAST-MINUTE REQUEST BY VENEZUELA FOR A PROVISION IN THE
CHARTER REQUIRING THE UNCTAD SECRETARIAT TO ASSIST THE BODY
IN CARRYING OUT SOME OF ITS TASKS (UNAWARE THAT THE LATTER
HAD DECLINED SUCH AN HONOR AT THE LAST MEETING), FOLLOWED BY
VARIOUSLY NUANCED SUPPORTIVE STATEMENTS BY PERU, BRAZIL,
MEXICO, BOLIVIA, NORWAY, POLAND AND YUGOSLAVIA.

4. A GOOD CANDIDATE FOR THE SECOND MAJOR ISSUE IS VOTING

PROCEDURE ALTHOUGH IT CANNOT BE COMPLETELY SEPARATED FROM
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ISSUE OF CONTRIBUTIONS. A NUMBER OF DELS, PRINCIPALLY
BRAZIL, CHILE AND SMALLER COUNTRIES, WANT CONTRIBUTIONS
DIVIDED EQUALLY AMONG ALL MEMBERS AND ONE-MAN, ONE-VOTE.
OTHERS WANT A PROPORTION, SAY 30 OR 50 PERCENT DIVIDED
EQUALLY WITH BALANCE BASED ON SOME SUCH BASIS AS PRODUCTION
OR CONSUMPTION. CHILE WILL ACCEPT LATTER ONLY IF VOTING
WEIGHTED BY CONTRIBUTIONS AND GENERAL SENTIMENT IN MEETING
SEEMS TO BE FOLLOWING THIS LINE. RESOLUTION OF BASIS OF
CONTRIBUTIONS AND VOTING DEPENDS, HOWEVER, UPON WHAT IS TO
BE VOTED ON. US POSITION THAT ALL DECISIONS EXCEPT BUDGET
SHOULD BE BASED ON CONSENSUS RECEIVED NO SUPPORT AND IN FACT
PROMPTED FRENCH, AUSTRIANS AND MANY OTHERS TO PUSH FOR
OPPOSITE LANGUAGE, I.E., VOTING WOULD BE PERMITTED ON ALL
ISSUES EXCEPT THOSE RELATING TO RECOMMENDATIONS TO GOVERN-
MENTS FOR ACTION. ONE BRACKETED VERSION NOW CALLS FOR VOTES
ONLY WHERE CONSENSUS IS NOT POSSIBLE ON INTERNAL ADMINISTRA-
TIVE, ORGANIZATIONAL AND BUDGETARY MATTERS WITH VOTING ALSO
PERMITTED TO RESOLVE A DISPUTE OVER WHETHER ISSUE IS OF SUCH
A NATURE. DIFFERENCES OVER QUESTIONS OF VOTING, VOTING
STRUCTURE AND CONTRIBUTIONS MAY BE DIFFICULT TO RESOLVE
UNTIL LINKAGE AND DURATION ISSUES ARE RESOLVED SINCE DELEGA-
TIONS APPEAR RELUCTANT TO THROW AWAY ANY BARGAINING CHIPS IN
ADVANCE.

5. COMMENT. IN ADDITION TO THE DIFFICULTIES PERU AND ITS
SUPPORTERS HAVE ALREADY SIGNALLED ON THE LINKAGE ISSUE,
DEVELOPMENTS BY WEEK'S END WITHIN THE EC DO NOT BODE WELL
FOR ADOPTION OF THE PCF CHARTER AT THE PREPARATORY MEETING.
ITALY BEGAN TO CAUSE DIFFICULTIES EARLY IN THE WEEK BY

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INSISTING THE PCF MUST BE WITHIN UNCTAD SO THAT NO EXTRA CONTRIBUTIONS WOULD BE REQUIRED FROM GOVERNMENTS. WHILE THIS WAS SHRUGGED OFF INITIALLY BECAUSE THE SUMS INVOLVED ARE SO SMALL, THE FRENCH AND DUTCH BEGAN TO RALLY BEHIND THE ITALIANS, ALBEIT FOR DIFFERENT REASONS. THE FRENCH FAVOR PCF'S WHICH INCLUDE BINDING ECONOMIC PROVISIONS AND ARE CONCERNED THAT WITHOUT A LIMITED LIFE, THE PRESENTLY CONTEMPLATED PCF WILL NEVER FOCUS ENOUGH ATTENTION ON STABILIZATION MECHANISMS. WHILE REMAINING SUBDUED THROUGH THE LAST

FEW MEETINGS, THEY HAVE APPARENTLY DECIDED TO MOVE TO SUPPORT A POSITION MORE ALONG THE PERU-NORWAY LINES. OTHERS WITHIN THE EC ARE VERY CONCERNED THAT THE EC WILL BE UNABLE TO DEVELOP A COMMON POSITION FOR THE PREPARATORY MEETING.

6. IT WAS ANTICIPATED THAT THE PREPARATORY MEETING COULD RECOMMEND ESTABLISHMENT OF AN INDEPENDENT PCF ONCE PERU AND SUPPORTERS RECOGNIZED OVERWHELMING SUPPORT FROM ALL OTHER PRODUCERS AND CONSUMERS. WITH THE WEAKENING OF SUPPORT WITHIN THE EC, SENTIMENT IN EAST EUROPEAN COUNTRIES RUNNING AGAINST A PCF, AND THE BEGINNINGS OF PRESSURE WITHIN THE G-77 TO BRING INDONESIA, ZAIRE AND OTHERS INTO LINE WITH PERU, ADVOCATES OF THE PCF, INCLUDING THE US, WILL BE FACED WITH A DIFFICULT TASK AT THE PREPARATORY MEETING. WHILE THE ADVOCATES ARE NOT SO WEDDED TO THE PCF APPROACH THAT THEY ARE PREPARED TO CONCEDE ON MAJOR FEATURES OF THE CHARTER, ON LIMITED OFFICIAL USE

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THE OTHER HAND, FAILURE TO REACH A SATISFACTORY RESULT WILL NO DOUBT LEAD TO ANOTHER SERIES OF TIME-CONSUMING, POLITICALLY ORIENTED PREPARATORY MEETINGS UNDER THE IPC. ALTHOUGH USG MAY NOT WISH TO BECOME INVOLVED IN INTERNAL EC DEBATES, EVEN IF WE THOUGHT WE COULD INFLUENCE FRENCH POSITION, IT MIGHT BE USEFUL, FOR EXAMPLE, FOR US DEL TO LEAD-ZINC STUDY GROUP MEETING IN VIENNA TO EXPLORE UK, FRG AND JAPANESE POSITIONS WITH THOSE DELEGATIONS WHO ARE ALSO KNOWLEDGABLE ON COPPER. IT IS HIGHLY DESIRABLE THAT THESE COUNTRIES, ALONG WITH SWEDEN AND BRAZIL, BE ENCOURAGED TO HOLD FIRM TO THE CONCEPT OF AN INDEPENDENT BODY.

7. AT THE SAME TIME USG WILL NEED TO CONSIDER CAREFULLY THE LIMITS TO WHICH IT CAN GO IN ACCEPTING LANGUAGE WHICH MAKES A GESTURE TOWARD CONTINUED UNCTAD SECRETARIAT INVOLVEMENT WITHOUT COMPROMISING BASIC INDEPENDENCE AND INTEGRITY OF BODY. FOR EXAMPLE, ACCEPTANCE OF A WATERED-DOWN VERSION OF VENEZUELAN PROVISION ALONG LINES OF BODY INVITING UNCTAD TO ASSIST IN EXAMINATION OF POSSIBLE STABILIZATION SCHEMES MIGHT SATISFY THIS GROUP THAT "ITS SECRETARIAT" CONTINUES TO BE INVOLVED. OTHER SIMILAR COMPROMISES MIGHT HAVE TO BE SOUGHT SO LONG AS THEY FALL SHORT OF UNCTAD CONTROL AND DO NOT CREATE CONDITIONS RIPE FOR CONTENTION. CANADA, AUSTRALIA AND JAPAN SEEM PREPARED TO FOLLOW SUCH AN APPROACH. VANDEN HEUVEL

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